

## Message Text

UNCLASSIFIED

PAGE 01 REYKJA 00032 101002Z

15

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 FRB-01

INR-07 NSAE-00 RSC-01 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 DODE-00 PA-02 USIA-15 PRS-01 /097 W

----- 116842

R 091719Z JAN 75

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC 5106

INFO COMICEDEFOR

USMISSION TO OECD PARIS

USMISSION TO EC BRUSSELS

UNCLAS REYKJAVIK 0032

E.O. 11652: N/A

TAGS: EFIN, IC

SUBJECT: CERP 0200, SUMMARY OF APPROVED BUDGET

REF: REYKJAVIK A-84 OF 11/15/74

1. THE APPROVED CENTRAL GOVERNMENT BUDGET FOR CY 1975 HAS BEEN PUBLISHED. REVISIONS ARE LARGELY UPWARD. EXPENDITURES ARE 47,225 MILLION ICELANDIC KROUNUR (US\$1 - 118 IKR.). RECEIPTS ARE 47,625 MILLION IKR. EACH FIGURE IS ABOUT 2 BILLION IKR. HIGHER THAN IN THE BUDGET PROPOSAL FOR 1975, AND IS ESPECTIVELY 61 AND 63 PER CENT HIGHER THAN "EXPENDITURES" AND "RECEIPTS" IN THE 1974 APPROVED BUDGET.

2. WHILE ALMOST EVERY MINISTRY WILL RECEIVE MORE FUNDS THAN IN THE PROPOSED BUDGET, MAJOR ADDITIONS WERE TO HEALTH (PLUS 1 BILLION IKR) AND COMMUNICATIONS (INCLUDES TRANSPORTATION) (PLUS 1/2 BILLION IKR). ON THE RECEIPTS SIDE, SALES TAXES ARE EXPECTED TO RAISE AN ADDITIONAL BILLION IKR. LIQUOR AND CIGARETTE TAXES (UP 1/2 BILLION IKR) WILL BE THE OTHER PRINCIPAL SOURCE OF ADDITIONAL REVENUES.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 REYKJA 00032 101002Z

3. COMMENT. SINCE GNP IS NOT EXPECTED TO INCREASE, THE GOVERNMENTS EARLIER EXPRESSED RESOLVE OF HOLDING DOWN GOVERNMENT SECTOR EXPANSION PROPORTIONAL TO OTHER SECTORS HAS BEEN WEAKENED. EXPENDITURES WILL BE 30.2 PER CENT OF GNP COMPARED WITH THE PROPOSED FIGURE OF 28.7 PER CENT AND THE 1974 FIGURE OF 27.6 PER CENT. THE BUDGET SURPLUS REMAINS AND SHOULD HELP ANTI-INFLATION IF ESTIMATES HOLD. PROJECT DATA HAVE NOT BEEN COMPILED BY THE BUDGET OFFICE AND WILL BE SUBMITTED BY THE EMBASSY TOGETHER WITH INVESTMENT DATA IN THE NEXT MONTH OR TWO. GIVEN THE HIGH ICELANDIC INFLATION RATE, BUDGET FIGURES AND ACTUAL EXPENDITURES ARE LIKELY TO PART COMPANY AT AN EARLY DATE AS HAS BEEN TRADITIONAL WITH ICELANDIC BUDGETS. THIS WILL BE SOONER RATHER THAN LATER IF (1) CONCERN OVER POSSIBLE UNEMPLOYMENT FORCES THE GOVERNMENT TO SPEED UP PROJECT SPENDING, AND (2) LABOR PRESSURES FORCE NEW INFLATIONARY PAY RAISES.

IRVING

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** GOVERNMENT BUDGET, CERP 0200  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 09 JAN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975REYKJA00032  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750010-0403  
**From:** REYKJAVIK  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750166/aaaacfk.tel  
**Line Count:** 79  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 REYKJAVIK A-84, 75 OF 11/15/74  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ShawDG  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 24 MAR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <24 MAR 2003 by RicharJA>; APPROVED <17 FEB 2004 by ShawDG>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CERP 0200, SUMMARY OF APPROVED BUDGET  
**TAGS:** EFIN, IC  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006